

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
OF THE STATE OF TENNESSEE AT NASHVILLE**

TENNESSEE SECURITIES DIVISION

Petitioner,

VS.

JAMES HENRY MORTON

Respondent.

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Docket No.: 12.06--029464J
File No.: 02-003

AGREED ORDER

The Tennessee Securities Division [the "Division"], and James Henry Morton ["Morton"] agree to the entry of this Agreed Order in accordance with T.C.A. §48-2-116 of the Tennessee Securities Act of 1980, as amended, T.C.A. §§48-2-101, et seq. [the "Act"], which states that the Commissioner from time to time may make such orders as are necessary to carry out the provisions of the Act.

FINDINGS OF FACT

1. The Tennessee Securities Act of 1980, as amended, T.C.A. §§48-2-101, et seq. [the "Act"], places the responsibility for the administration of the Act on the Commissioner of Commerce and Insurance ["Commissioner"]. The Division is the lawful agent through which the Commissioner discharges this responsibility. T.C.A. §48-2-115.

2. James Henry Morton (CRD #2620035) applied to become registered with the Division as an agent of Edward Jones (CRD #250) on March 8, 2002.

3. Morton was terminated from his employment with Edward Jones on May 20, 2002. The stated reason for his termination was "Providing inaccurate information in the hiring

process”.

4. Were the Division to pursue the current administrative proceeding against Mr. Morton, evidence would be introduced to establish the following:

- (a) Between April 3, 2000 and September 6, 2000, Morton was registered with the Division as an agent of Sunset Financial Services.
- (b) On or around September 15, 2000, Morton filed an agent registration application (Form U-4) with the Division seeking permission to act as an agent of Nationwide Advisory Services, Inc. (“Nationwide”). The application was approved by the Division and Morton became registered as an agent of Nationwide.
- (c) On or around January 16, 2001, Morton filed an agent registration application (Form U-4) with the Division seeking permission to act as an agent of Citistreet Equities, LLC (“Citistreet”). The application was approved by the Division and Morton became registered as an agent of Citistreet.
- (d) Between 1999 and 2001, Morton was named as a defendant in approximately 34 investor initiated lawsuits filed in the state of Alabama.
- (e) Morton did not disclose either the occurrence of the lawsuits or the resolutions on the agent registration application he filed with the Division on March 8, 2002. Additionally, he neither disclosed the lawsuits on any previous application filed with the Division, nor updated his record during his periods of registration with the Division.
- (f) Morton filed an amendment to his pending U-4 on March 11, 2002

regarding the McArthur and Abernathy lawsuits.

(g) Upon receipt of notice of the lawsuits, Morton was under a continuing obligation to disclose the existence and outcomes of the lawsuits to the Division.

CONCLUSIONS OF LAW

5. Pursuant to T.C.A. §48-2-115(a), the responsibility for the administration of the Act is upon the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility.

6. T.C.A. §48-2-112(a)(2)(B) states, in pertinent part, that the Commissioner by order may deny any registration under this part if she finds that the order is in the public interest, necessary for the protection of investors, and if she finds that the applicant has willfully violated or willfully failed to comply with any provision of the Act.

7. T.C.A. §48-2-121(c) states, in pertinent part, that it is unlawful for any person to make or cause to be made, in any document filed with the commissioner or any proceeding under this part, any untrue statement of a material fact or to omit to state a material fact necessary in order to make statements made, in light of circumstances under which they were made, not misleading.

8. The averments in paragraphs 2-4 of this Agreed Order, constitute acts by Mr. Morton which would provide grounds under T.C.A. §48-2-112(a)(2)(B) for the entry of an order of sanctions against Mr. Morton.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and James Henry Morton's waiver of his right to a hearing and appeal under the Tennessee Securities Act and Tennessee's Uniform

Administrative Procedures Act, Tennessee Code Annotated §§4-5-101 et seq., and James Henry Morton's admission of jurisdiction of the Commissioner, the Commissioner finds that James Henry Morton, for the purpose of settling this matter, admits the matters herein, has agreed to the entry of this Order and that the following Order is appropriate, in the public interest and necessary for the protection of investors.

IT IS ORDERED, pursuant to T.C.A. §48-2-116(a) of the Tennessee Securities Act that:

1. James Henry Morton shall fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder;
2. James Henry Morton's application to become registered as an agent in the State of Tennessee is hereby denied effective immediately.
3. James Henry Morton will not seek to become registered with the Division in any capacity for a period of two (2) years from the date of entry of this order.

IT IS ORDERED that this Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against James Henry Morton for violations of the Act alleged by the Tennessee Securities Division to have occurred in the failure to disclose the existence of investor initiated lawsuits from 1999 through 2001.

This Agreed Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signatures affixed below, James Henry Morton affirmatively states that he has freely agreed to the entry of this Agreed Order, that he waives his right to a hearing on the matters underlying this Agreed Order and to a review of the Findings of Fact and

Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Agreed Order, affirmatively state their agreement to be bound by the terms of this Agreed Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Agreed Order, are binding upon them.

ENTERED this 29th day of August, 2003.

Paula A. Flowers
Paula A. Flowers, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

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James Henry Morton, Respondent

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